



**CENTURY HOUSING**  
A NONPROFIT CORPORATION

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July 14, 2009

Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
Via e-mail: [RegCommunications@fhfa.gov](mailto:RegCommunications@fhfa.gov)

RE: Comments RIN 2590-AA18

Dear Mr. Pollard:

Century Housing is a charitable nonprofit corporation which provides financing to developers of affordable homes. One of Century Housing's affiliates has been certified as a Community Development Financial Institution (CDFI) by the CDFI Fund. We take pride in having provided financial assistance for development of over 16,000 homes serving transient homeless, low-income renters, and moderate-income homeowners throughout Southern California. The income earned from our lending activities is used to support our two charter schools, an after-school tutoring program for at-risk youth, and a pre-apprenticeship construction trades training and job placement program.

We were pleased when Congress adopted the Housing and Economic Recovery Act of 2008 (HERA) to see that the membership regulations of the Federal Home Loan Bank Act was amended to authorize CDFIs to become members of the Federal Home Loan Bank (FHLB), even if the CDFIs were not insured or regulated by federal oversight agencies. We offer the following comments on the proposed regulations published in the Federal Register on May 15, 2009.

**CDFIs as Community Financial Institutions**

CDFIs are Community Financial Institutions (CFIs). While almost all CDFIs provide funding for development of homes to meet the needs of the communities they serve, many also finance other activities that contribute to development of strong communities, such as schools, small businesses, social service providers and others. There is an inconsistency in the proposed regulations which may reflect some confusion over Congressional intent. It is hard to believe that Congress intended to simultaneously expand membership to include unregulated CDFIs and also impose restrictions which would make their participation infeasible.

As noted above, Century Housing lends to affordable home developers, making the essential first stage loans to pay for property acquisition, predevelopment costs (e.g., design, entitlement, environmental clearance) and construction. Long-term “permanent” financing, whether homebuyer or multifamily mortgages or homeless shelter funding, is provided by other financial institutions, most often public agencies or low-income housing tax credit investors. Upon repayment, our funds can be recycled to the next development. As a result, while we provide financing for development of homes generally available at below-market prices and rents, we do not retain a portfolio of “long term home mortgage loans” equivalent to 10 percent of our total assets. We do, however, have at any given time, more than 10 percent of our total assets in loans secured by mortgages on properties which are or will become residential homes serving the residents of the community.

For purposes of implementing the Congressional intent to expand membership beyond regulated entities to encompass all CDFIs, we encourage you to carefully consider the many comments you have received, and treat CDFIs like CFIs, and to reconsider the underlying definition of what constitutes a “residential mortgage.”

As to other sections of the proposed regulations, Century Housing concurs with many of the points presented by the Opportunity Finance Network (OFN), Enterprise Community Loan Fund, Clearinghouse CDFI and the National Association of Affordable Housing Lenders (NAAHL). We would call particular attention to the possibility of utilizing the privately developed CDFI Assessment and Rating System (CARS) as a reasonable substitute for the CAMELs rating and other forms of evaluation of CDFI financial strength.

Thank you very much for the opportunity to provide these comments. We await publication of the final regulations with hope that they will permit a broader participation of community development financial institutions in the Federal Home Loan Bank, as Congress intended.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Griffith', written over the word 'for'.

for  
**Ronald Griffith**  
President & CEO